



February 1, 2013

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Ex Parte

Ms. Marlene H. Dortch
Secretary
445 12th Street, SW
Washington, DC 20554

Re: Impact of Use of Frozen Support on SLC Levels
WC Docket No. 10-90, CC Docket No. 01-92

Dear Ms. Dortch:

At the request of Wireline Competition Bureau ("Bureau") staff, Verizon provides the attached information regarding the potential impact on its subscriber line charges ("SLCs") in the event it used one third of its Interstate Access Support ("IAS") to build and operate broadband networks instead of reducing SLC levels.¹ The Bureau requested the information in the December 17, 2012 meeting between Bureau staff and the United States Telecom Association and price cap carriers in which the price cap carriers noted the conflict in rule provisions regarding the use of IAS, requiring that it be used both to reduce SLCs and to build and operate broadband networks.²

These estimates reflect the impact on SLC levels. Because SLC increases are limited by the caps set forth in the Commission rules, SLC increases could not recover the entire amount of IAS that was redirected to broadband networks in this scenario. In fact, for Verizon, \$12.9 million would remain unrecovered. This amount could not be flowed through to increase presubscribed interexchange carrier ("PICC") charges or carrier common line ("CCL") recovery because these "residual rate elements" are included within the End Office Access Service charges that were capped as of the effective date of *USF/ICC Transformation Order*.³

Please contact me with any questions.

A handwritten signature in black ink that reads "Maggie McCready".

Attachment

cc: Carol Matthey
Deena Shetler

¹ See 47 C.F.R. § 54.313(c)(2).

² See Letter from Jonathan Banks, United States Telecom Association, to Marlene Dortch, FCC, WC Docket Nos. 10-90 *et al.* (filed Dec. 20, 2012) at 1-2.

³ *USF/ICC Transformation Order* fn 1547. 47 C.F.R. § 51.907(a). See also 47 C.F.R. § 51.903(d) (note) ("For incumbent local exchange carriers, residual rate elements may include, for example, state Transport Interconnection Charges, Residential Interconnection Charges, and PICCs.").

VERIZON SUBSCRIBER LINE CHARGE (SLC) RATES - IMPACT OF ONE-THIRD REDUCTION IN IAS SUPPORT

| Jurisdiction | Primary residential, SLB SLC | | | Nonprimary SLC | | | Multiline Business SLC | | |
|-----------------------|------------------------------|-----------------------------|---------|----------------|-----------------------------|---------|------------------------|-----------------------------|---------|
| | Current SLC | SLC after 1/3 IAS reduction | Change | Current SLC | SLC after 1/3 IAS reduction | Change | Current SLC | SLC after 1/3 IAS reduction | Change |
| California (Contel) | \$ 5.14 | \$ 6.30 | \$ 1.16 | \$ 5.14 | \$ 6.30 | \$ 1.16 | \$ 5.14 | \$ 6.30 | \$ 1.16 |
| California (GTE) | \$ 6.50 | \$ 6.50 | \$ - | \$ 7.00 | \$ 7.00 | \$ - | \$ 8.86 | \$ 9.20 | \$ 0.34 |
| Delaware | \$ 6.42 | \$ 6.45 | \$ 0.02 | \$ 6.42 | \$ 6.45 | \$ 0.02 | \$ 6.42 | \$ 6.45 | \$ 0.02 |
| Florida | \$ 6.50 | \$ 6.50 | \$ - | \$ 7.00 | \$ 7.00 | \$ - | \$ 9.14 | \$ 9.20 | \$ 0.06 |
| Maryland | \$ 5.65 | \$ 5.68 | \$ 0.03 | \$ 5.65 | \$ 5.68 | \$ 0.03 | \$ 5.65 | \$ 5.68 | \$ 0.03 |
| New Jersey | \$ 6.29 | \$ 6.29 | \$ - | \$ 6.29 | \$ 6.29 | \$ - | \$ 6.29 | \$ 6.29 | \$ - |
| New York | \$ 6.39 | \$ 6.43 | \$ 0.03 | \$ 6.39 | \$ 6.43 | \$ 0.03 | \$ 6.39 | \$ 6.43 | \$ 0.03 |
| North Carolina | \$ 5.42 | \$ 6.50 | \$ 1.08 | \$ 5.42 | \$ 7.00 | \$ 1.58 | \$ 5.42 | \$ 9.20 | \$ 3.78 |
| Pennsylvania | \$ 5.84 | \$ 5.92 | \$ 0.08 | \$ 5.84 | \$ 5.92 | \$ 0.08 | \$ 5.84 | \$ 5.92 | \$ 0.08 |
| Pennsylvania (Contel) | \$ 6.50 | \$ 6.50 | \$ - | \$ 7.00 | \$ 7.00 | \$ - | \$ 9.20 | \$ 9.20 | \$ - |
| Pennsylvania (GTE) | \$ 6.50 | \$ 6.50 | \$ - | \$ 7.00 | \$ 7.00 | \$ - | \$ 9.20 | \$ 9.20 | \$ - |
| Texas (Contel) | \$ 6.50 | \$ 6.50 | \$ - | \$ 6.71 | \$ 7.00 | \$ 0.29 | \$ 6.71 | \$ 9.20 | \$ 2.49 |
| Texas (GTE) | \$ 6.50 | \$ 6.50 | \$ - | \$ 7.00 | \$ 7.00 | \$ - | \$ 7.38 | \$ 9.15 | \$ 1.77 |
| Virginia | \$ 6.07 | \$ 6.25 | \$ 0.18 | \$ 6.07 | \$ 6.25 | \$ 0.18 | \$ 6.07 | \$ 6.25 | \$ 0.18 |
| Virginia (Contel) | \$ 6.50 | \$ 6.50 | \$ - | \$ 7.00 | \$ 7.00 | \$ - | \$ 9.20 | \$ 9.20 | \$ - |
| Virginia (GTE) | \$ 6.50 | \$ 6.50 | \$ - | \$ 7.00 | \$ 7.00 | \$ - | \$ 9.20 | \$ 9.20 | \$ - |
| Washington, D.C. | \$ 3.86 | \$ 3.86 | \$ - | \$ 3.86 | \$ 3.86 | \$ - | \$ 3.86 | \$ 3.86 | \$ - |